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C O N F I D E N T I A L SECTION 01 OF 02 ISTANBUL 001046

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E.O. 12958: DECL: 12/06/2017  
TAGS: [PGOV](#) [PREL](#) [PTER](#) [ETRD](#) [TU](#) [IZ](#)  
SUBJECT: CODEL SHAYS CONFRONTS SKEPTICAL BUSINESSMEN IN  
ISTANBUL

REF: A. ANKARA 2885  
[1](#)B. ANKARA 2867

Classified By: Consul General Sharon A. Wiener for reasons 1.4 (b) and (d).

[1](#)1. (C) Summary. Codel Shays' November 29 meetings in Istanbul underlined contrasts in Turkish thinking on Iraq, the PKK and the U.S. image in Turkey. President of Karadeniz Holding Orhan Karadeniz told Congressman Shays Iraq remains a mess, despite military accomplishments. Turkey is very sensitive to any news on PKK-related topics due to the loss of 40 soldiers in the last two months to PKK activity; Turkey has done nothing wrong respecting the Kurdish minority in Turkey. Codel Shays' also met with Delta Petrol Chairman Mehmet Habbab who, unlike Karadeniz, said his company was not trading in Iraqi oil due to the slow-down of traffic at the Habur Gate. Habbab told Shays his November 28 visit to the southeast of Turkey was sure to have been viewed with suspicion by "the bureaucracy," which would suspect Shays of meeting with the PKK. More troubling is the perception that until very recently, the U.S. has done nothing to fight PKK activity in Turkey. Codel Shays concluded meetings in Istanbul with a visit to the family of a victim of PKK terrorism. End summary.

HABUR GATE DELAYS MAKE NO DIFFERENCE TO ONE BUSINESSMAN  
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[1](#)2. (C) Orhan Karadeniz is the President of Karadeniz Holding. Representative Shays' goal in meeting with Karadeniz was to get his measure of progress in Iraq. Karadeniz said the Iraqi government is not functioning; the military situation is improved, which is good, but expected and therefore not impressive. Inertia makes it very difficult to break the cycle of poor Iraqi government decision making. Routine government actions proceed well but anything requiring original or new decision making is thwarted by conflicting interests; even cabinet ministers are afraid to initiate new programs or propose new solutions.

[1](#)3. (C) Shays asked Karadeniz about the wait at Habur Gate for trucks passing in either direction. Karadeniz repeatedly maintained this was no problem for his company. Families were very large in the southeast, multiple families owned one truck and the many drivers had plenty of time while rotating driving responsibility. Karadeniz said it didn't matter if trucks made the roundtrip to Iraq for oil twice a month or ten times a month.

[1](#)4. (C) Karadeniz' felt Turks hold a grudge against the U.S. because of the situation in Iraq. His solution for public image difficulties was "better marketing." Shays suggested

Turkey did not value diversity in its population, citing a Syriac priest he had met the day before that said he was treated like a second class citizen. Karadeniz said the discussion was only about Kurds and asked why Kurdish Regional Government (KRG) leaders hadn't labeled the PKK a terrorist organization. The U.S. could be a stronger player in Turkey, despite the great sensitivity in the country toward the U.S. caused by the recent deaths of some 40 Turkish soldiers through PKK terrorist activity. Better marketing could help both Turkey and the U.S. -- Turkey with respect to the place of minorities in the society and America with respect to Iraq and the PKK.

BUT DELTA PETROL CAN'T MAKE MONEY; SIDELINED FOR NOW  
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15. (C) Chairman Mehmet Habbab of Delta Petrol told Representative Shays his company is currently on the sidelines in the oil trade with Iraq precisely because the delays at Habur Gate wiped out any price advantage. In 2005, Habbab claimed 3500 to 4000 trucks transited the border crossing into Turkey from Iraq each day; 2000 returned empty. During the reconstruction upgrade of the gate in 2005, 1700 to 1800 trucks passed each day. The count is now on average 800 per day. Habbab's explanation: bureaucracy. The Iraqi system is chaotic and requires complete revamping. Employees are chosen on the basis of religious affiliation, not competence, he said. He acknowledged delays were similar on both sides of the gate.

16. (C) If the transit delays were not economically prohibitive, Delta would be involved in the Iraq oil trade. Investors today receive 25% of the oil revenue from Iraqi

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oil. Absent other problems, that is a sufficient margin, with a 15- to 25-year contract, to undertake the risk. In normal circumstances, however, investors receive 55 to 60% of oil revenues, the balance going to the state. Lack of coordination among Iraqi government entities is the reason for the decreased revenue percentage for investors, according to Habbab. Currently, Northern Iraq continues to produce some oil but cannot export product legally. A "small amount" smuggled to Syria keeps a refinery there in operation. This smuggled product has no documentation and is sold for USD 30-40 per barrel.

17. (C) Addressing Congressman Shays' experience on November 28 in Turkey's southeast (ref A), Habbab told Shays he was not surprised by MFA suspicion of his visit to the region. Cultural differences affect the way such a visit is viewed. In addition, he explained, the GOT would have been afraid that had Shays gone on his own, he would have met with the PKK. A deeper problem at the moment was that until very recently the U.S. had "done nothing" with respect to the PKK threat. The U.S. was now coordinating with Turkey to enable attacks against the PKK.

MEETING WITH A FAMILY VICTIMIZED BY PKK TERRORISM  
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18. (C) Shays completed the visit to Istanbul with a call on the family of slain Jandarma conscript Nesimi Akyar. Akyar was killed in 2004 in Tunceli Province when his convoy was attacked by the PKK. He had survived the attack and asked compatriots to keep the extent of his wounds from his mother in initial reports. His friends complied but he subsequently died. Shortly before being attacked, Akyar had phoned his mother to tell her how much he loved her. Akyar, though engaged, had decided against marriage until completion of his military service. He was survived by his parents and three sisters, including a set of twins still at home. The one-half hour visit, though discussing unhappy events, was relaxed and attended only by the immediate family, Codel and Codel's police escort.

19. (U) Codel Shays did not clear this cable.  
WIENER